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MINISTRY OF COMMERCE AND INDUSTRY

RESOLUTION

New Delhi, the 13th June 1956

S.R.O. 1411.—The Government of India by its notification S.R.O. No. 240 dated the 25th January, 1955 applied section 15 of the Forward Contracts (Regulation) Act, 1952 to rapeseed and mustardseed in the whole of India except Greater Bombay and by notifications Nos. S.R.O. 244, 246, and 247 as amended by S.R.Os. 279 and 280 of the same date applied sections 17 and 18(3) of the said Act to these commodities within the limits of Greater Bombay. The result of these notifications was that transferable specific delivery contracts in rapeseed and mustardseed could be conducted only through a recognised association in the whole of India except Greater Bombay; in Greater Bombay transferable contracts in these oilseeds were banned whereas non-transferable specific delivery contracts were allowed through a recognised association.

2. The Government of India by its notification S.R.O. 242 of the 25th January, 1955 also applied section 17 of the Forward Contracts (Regulation) Act 1952 to rapeseed and mustardseed oils in the whole of India. The effect of this notification was to continue the ban on transferable specific delivery contracts for the purchase or sale of these oils.

3. The Forward Markets Commission has since examined the question of permitting futures trading in these commodities and has made the following recommendations:—

- (1) section 15 of the Act should continue to apply to rapeseed and mustardseed throughout India except Greater Bombay and section 17 of the Act should continue to apply to these commodities within the limits of Greater Bombay.
- (2) Futures markets in respect of mustardseed and rapeseed should be established immediately at Delhi and at Agra.
- (3) Recognition should be granted to the Om Exchange Ltd., Delhi and the Agra Merchants' Chamber Ltd., Agra for the purpose for a period of three years for the whole of India.
- (4) The grant of recognition to these associations should be conditional on their previously carrying out such modifications in their Articles of Association, trading bye laws and working procedure as may be suggested to them by the Commission.
- (5) Futures markets should also be established in due course at Kanpur and at Bhatinda when strong and representative associations come to be established at these centres.

(6) Futures trading in rapeseed and mustardseed oils should continue to be banned as at present in the whole of India.

4. The Government of India have accepted the foregoing recommendations of the Commission and have decided to accord recognition to the Associations mentioned in paragraph 3(3) above, as soon as necessary modifications in their Articles of Association etc., are carried out to the satisfaction of the Commission

[No. 5/5/56-I.P.(B).]

K. B. LALL, Jt Secy.